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State's Deferred Compensation Plan to Feature Expanded Options, other Enhancements for Participants with New Third Party Administrator

Trenton — State Treasurer John E. McCormac and the New Jersey State Employers Deferred Compensation Board announced today the selection of a Prudential Retirement as the third-party administrator for the New Jersey State Employees Deferred Compensation Plan (NJSEDCP). The selection follows a review of the plan by an independent consultant, which recommended changes to enhance the Plan to take full advantage of developments in the marketplace.

“In order to provide our employees with the best tools available to help secure their retirement plans, we took a long, hard look at New Jersey’s deferred compensation plan,” said Treasurer McCormac. “Following our review, we prepared an RFP that challenged bidders to make improvements and enhancements to our plan while keeping administrative costs to a minimum. We are confident that this selection will achieve our goal of bringing New Jersey’s plan into the 21st century, offering employees more choices, enhanced services and improved satisfaction from their sheltered earnings,” he said.

A business of New Jersey-based Prudential Financial, Prudential Retirement was selected after a review of six proposals as part of a competitive bid process managed by the Purchase Bureau, Division of Purchase and Property, on behalf of the Division of Pensions and Benefits and the Division of Investment (DOI).

"Prudential's proposal offered a diverse and broad array of institutional investments and state-of-the-art services and tools to support the needs of the state employees participating in the plan," McCormac said.

“Prudential Financial is honored and proud to have the opportunity to serve the retirement needs of thousands of New Jersey State employees who participate in this plan,” said Arthur F. Ryan, chairman and CEO of Prudential Financial.

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“As a company, our focus is to help individuals and institutions grow and protect their wealth, and we look forward to putting our retirement experience and resources to work for our home State of New Jersey,” Ryan added.

The Treasurer noted that the new proposal’s featured options for participating State employees include:

- Comprehensive, targeted education on deferred compensation planning issues, topics and strategies;
- A broad array of top-performing, brand-name investment choices from leading investment managers (employees will have the option of retaining their current investment selections, but will not be able to make new contributions or transfer funds to those options once the Plan transitions);
- A highly competitive Stable Value Fund;
- An expanded fund menu covering a wide variety of asset classes that far exceeds what is currently offered.
- Account access and deferred compensation planning support 24-hour a day, seven days a week through interactive online tools and an automated phone system, as well as access to Call Center professionals available to answer questions;
- On-line access to asset allocation and rebalancing tools to help employees manage their own investments on a timely basis;
- A "daily valued" environment, which means fund performance will be updated at the close of the market each day, providing up-to-date fund information; and
- Quarterly statements that provide clear, personalized information about the program and the performance of funds.

NJSEDCP has been internally administered by the Division of Pensions and Benefits since 1986, and the plan’s investments have been managed by the Division of Investment since the plan’s inception in 1982. NJSEDCP’s expanded services provide for continuation of the Plan’s four options managed by the State for those members who elect to retain their current investment offerings. The investment management of these accounts will remain under the purview of the DOI, while book-keeping functions for these and all other accounts will be transferred to the third-party vendor.

Approximately 30,000 state (or eligible agency, authority, commission or instrumentality) employees currently participate in the plan. There are 146,000 eligible public sector employees. The Deferred Compensation Plan has \$1.5 billion in assets.

Treasurer McCormac said that additional information about the benefits of the improved program will be provided to State employees over the next several weeks prior to the plan revision’s effective date of January 1, 2006.